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October 8, 2025

The Honorable Gavin Newsom
Governor
California State Capitol
Sacramento, CA 95814

RE: AB 726 (Ávila Farías): Planning and Zoning: Annual Report: Rehabilitated Units – REQUEST FOR SIGNATURE

Dear Governor Newsom,

Larry Klein
Mayor

Linda Sell
Vice Mayor

Alysa Cisneros
Councilmember

Richard Mehlinger
Councilmember

Murali Srinivasan
Councilmember

Charlsie Chang
Councilmember

Eileen Le
Councilmember

On behalf of the City of Sunnyvale, we request your signature for AB 726, which will allow for the substantial rehabilitation of existing affordable housing with local funding to be counted in the Housing Element Annual Progress Report. California's statewide housing plan consists of three key principles: protect our state's most vulnerable residents, build housing faster, and preserve existing housing. It is the latter that lies at the heart of AB 726. Too many older affordable housing projects in Sunnyvale and across California face expiring affordability covenants and significant physical need improvements. For the City, the rehabilitation of these existing affordable housing remains a key priority. This bill would ensure that the support provided by local agencies to keep these units in service as safe, healthy, and affordable is properly recognized as part of California's overall housing strategy.

The overall goal of the Regional Housing Needs Allocation is to ensure local governments adequately plan to meet the existing and projected housing needs in their communities. Although more attention in recent years has been focused on encouraging new affordable housing production, the loss of every existing affordable housing unit creates an equal need for additional affordable housing construction. Local jurisdictions and the State therefore have a compelling interest in preventing the loss of any additional affordable housing units. Additionally, with the continually increasing costs of construction and development of new affordable housing, preserving existing affordable housing makes good economic sense and ensures that low-income households stay housed.

AB 726 would allow for a limited subset of affordable housing rehabilitation to be counted as progress in the Housing Element Annual Progress Report. To be counted, units would require at least \$60,000 per unit in local investment, projects must be 15 years old, and the average affordability must be no more than 45 percent of Area Median Income. This will recognize local jurisdictions that take meaningful action to keep the most at-risk projects safe, healthy, and affordable housing. The narrow targeting of which units can be counted will ensure that these rehabilitated units do not constitute a disproportionate share of overall RHNA progress.

As identified in General Plan Policy H-3.4, City policy supports the preservation of affordable housing with both technical and financial assistance. Since 2015, the City has committed over \$7 million in funds for the preservation of affordable housing projects. This bill would enable the City to receive credit on Annual Progress Reports when it provides its limited financial assistance for many of these preservation projects. AB 726 will recognize this balanced approach and encourage jurisdictions across California to likewise invest in existing affordable homes. For these reasons, the City of Sunnyvale requests you sign AB 726 into law.

Please do not hesitate to contact me or Trudi Ryan, Director of Community Development, at tryan@sunnyvale.ca.gov, if you have any questions.

Sincerely,



Larry Klein
Mayor

cc: Senator Dr. Aisha Wahab
Assembly Member Patrick Ahrens
Assembly Member Ávila Farías
City Council
Tim Kirby, City Manager
Sarah Johnson-Rios, Assistant City Manager
Trudi Ryan, Director of Community Development